Investor Relations Release

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Allianz starts 2016 with a strong first quarter

- Total revenues down 6.4 percent to 35.4 billion euros
- 1Q operating profit fell by 3.5 percent to 2.8 billion euros
- Net income attributable to shareholders up 20.5 percent to 2.2 billion euros
- Solvency II capitalization eased to 186 percent
- Operating profit outlook for 2016 of 10.5 billion euros, plus or minus 500 million euros confirmed

QUARTERLY RESULTS

		three months ended 31 March		
		2016	2015	Change from previous year
Total revenues	€ bn	35.4	37.8	-6.4%
Operating profit	€ bn	2.8	2.9	-3.5%
Net income attributable to shareholders	€ bn	2.2	1.8	20.5%

Allianz enjoys a strong start to 2016

Allianz Group achieved strong results in the first quarter of 2016 in a continued challenging environment. Net income attributable to shareholders rose by 20.5 percent to 2.2 billion euros, driven in part by non-operating realized gains. In the Property and Casualty insurance segment, operating profit showed a substantial improvement compared to the previous year, largely due to lower claims stemming from natural catastrophes. The Life and Health insurance segment recorded a decline of total revenues as a result of changes to the product strategy. In Asset Management, third-party net outflows continued to decrease compared to the prior year.

"The first quarter represented a great start to the year. We are well on our way towards achieving our operating profit target in the range of 10.5 billion euros, plus or minus 500 million euros for the entire year," said Dieter Wemmer, CFO of Allianz SE.

Group: rising return on equity

Revenues down 6.4% in 1Q

Total revenues in the first quarter fell by 6.4 percent to 35.4 (37.8) billion euros, primarily reflecting the targeted shift toward capital-efficient products as well as lower premiums from the unit-linked business in Italy and Taiwan in the Life and Health segment.

Operating profit €2.8bn in 1Q

Operating profit decreased by 3.5 percent to 2.8 billion euros. In the Life and Health segment, operating profit has been on track despite partial loss recognition of 82 million euros in Korea and a lower contribution from Germany after an exceptional first quarter in 2015. In Asset Management, lower average third-party assets under management were the main driver for a drop in operating profit. These effects were partly compensated by an increase in operating profit in the Property and Casualty segment.

Annualized return on equity 15.7% in 1Q

The non-operating result improved by 339 million euros to 278 million euros as a result of higher realizations, mainly on equity investments, as well as a positive contribution from hedging-related activities. *Net income attributable to shareholders* amounted to 2.2 billion euros, an increase of 20.5 percent. *Basic Earnings per Share (EPS)* rose 20.3 percent to 4.82 euros. Annualized *Return on Equity (RoE)* was at 15.7 percent (full year 2015: 12.5 percent). Annualized figures are not a forecast for full year numbers.

Solvency II ratio 186 % at 31.3.2016

Solvency II capitalization eased to 186 percent at the end of the first quarter compared to 200 percent at the end of 2015 due to capital market developments, partly offset by risk management actions. The decrease was also due in part to a changed regulatory tax treatment of the German life sector that took effect on January 1, 2016.

Property and Casualty insurance: improved combined ratio

Management assessment

"The Property and Casualty insurance business continued on last year's successful path with very good results. The segment contributed more than half of the Allianz Group's total operating profit this quarter," said Dieter Wemmer. "The business also benefitted from fewer natural catastrophes in the quarter."

Gross premiums written down 0.5% in 1Q

In the Property and Casualty segment, *gross premiums written* reached 17.2 (17.3) billion euros in the first quarter of 2016, a slight decrease of 0.5 percent year-on-year due to negative foreign exchange effects. Adjusted for foreign exchange and consolidation effects, internal growth was good at 2.7 percent, primarily driven by Allianz Global Corporate & Specialty (AGCS), Turkey and Germany. Price and volume effects contributed 1.0 percent and 1.7 percent respectively.

Combined ratio 93.3% in 1Q

Operating profit grew 12.0 percent to 1.4 billion euros compared to the prior-year quarter. The decrease in investment income was more than compensated for by much lower claims from natural catastrophes as well as lower restructuring expenses. The *combined ratio* improved by 1.3 percentage points to 93.3 (94.6) percent compared to the year-earlier period.

Life and Health insurance: product shift improves margins

Management assessment

"The first quarter of 2016 is the third consecutive period with healthy and stable new business margins. The launching of new capital-efficient products became visible in the second half of 2015 and continued throughout the first quarter of 2016," said Dieter Wemmer. "Repricing activities on traditional products and the introduction of new capital-efficient products helped to improve new business profitability across Europe and the United States."

Statutory premiums down 11.4% in 1Q

Statutory premiums decreased by 11.4 percent to 16.7 (18.8) billion euros due to reduced sales of traditional products, primarily in Germany, and to lower unit-linked single premiums in Italy and Taiwan. Adjusted for foreign exchange and consolidation effects, statutory premiums fell by 11.1 percent.

Operating profit €0.9bn in 1Q

Operating profit declined by 16.0 percent to 0.9 billion euros in the first three months of 2016. This was predominantly caused by a lower investment margin in the German life business after a very high first quarter last year, lower unit-linked performance fees in Italy, and by partial loss recognition in Korea.

VNB €367mn and NBM 2.5% in 1Q

The *value of new business (VNB)* rose to 367 million euros in the first quarter, an increase of 36.7 percent compared to the first quarter of 2015. As a result of changes in product strategy, premiums shifted to capital-efficient products. The *new business margin* went up by 1.0 percentage point to 2.5 percent compared to one year ago, enhanced by a more favorable business mix with higher shares of capital-efficient products and a lower share of guaranteed savings and annuities.

Asset Management: net outflows strongly reduced

Management assessment

"Net outflows of third-party assets under management at PIMCO slowed but continued to weigh on assets under management, as did currency shifts," said Dieter Wemmer. "Although we anticipate a challenging environment for the asset management industry, we continue to expect positive net flows at PIMCO in the second half of the year, alongside steady net inflows at Allianz Global Investors."

Operating profit €463mn in 1Q

In Asset Management, *operating profit* in the first quarter declined by 16.5 percent to 463 (555) million euros. Following the decline in average third-party assets under management and a slight decrease in margin on those assets, operating revenues sank 11.8 percent to 1.4 (1.6) billion euros. This development was partly offset by lower operating expenses.

CIR at 66.6% in 1Q

The *cost-income ratio (CIR)* increased to 66.6 percent from 64.7 percent in the year-earlier quarter, related primarily to the decrease in revenues at PIMCO.

3P net outflows at €9bn in 1Q

Compared to December 31, 2015, *third-party assets under management* decreased by 34 billion euros to 1,242 billion euros, mainly driven by negative foreign currency translation effects. Third-party net outflows in the first quarter of 2016 receded to 9 billion euros, compared to 62 billion euros in the first quarter of 2015. Net outflows were driven by third-party net outflows at PIMCO, while Allianz Global Investors again recorded third-party net inflows, which it has done now for more than three years running.

Allianz Group - key figures 1st quarter 2016

			1Q2016	1Q2015	Δ
Total revenues		**€ bn**	**35.4**	**37.8**	**-6.4%**
- Property-Casualty		€ bn	17.2	17.3	-0.5%
- Life/Health		€ bn	16.7	18.8	-11.4%
- Asset Management		€ bn	1.4	1.6	-11.8%
- Corporate and Other		€ bn	0.1	0.1	-7.8%
- Consolidation		€ bn	-0.1	-0.1	-14.1%
Operating profit / loss		**€ mn**	**2,756**	**2,855**	**-3.5%**
- Property-Casualty		€ mn	1,439	1,285	12.0%
- Life/Health		€ mn	927	1,104	-16.0%
- Asset Management		€ mn	463	555	-16.5%
- Corporate and Other		€ mn	-74	-101	-27.0%
- Consolidation		€ mn	0	13	-
Net income		**€ mn**	**2,294**	**1,937**	**18.5%**
- attributable to non-controlling interests		€ mn	100	115	-13.1%
- attributable to shareholders		€ mn	2,194	1,822	20.5%
Basic earnings per share		**€**	**4.82**	**4.01**	**20.3%**
Diluted earnings per share		**€**	**4.70**	**4.00**	**17.4%**
Additional KPIs					
- Group	Return on equity[1,2]	%	15.7%	12.5%	3.2% -p
- Property-Casualty	Combined ratio	%	93.3%	94.6%	-1.3% -p
- Life/Health	New business margin	%	2.5%	1.5%	1.0% -p
- Life/Health	Value of new business	€ mn	367	269	36.7%
- Asset Management	Cost-income ratio	%	66.6%	64.7%	1.9% -p
			03/31/16	**12/31/15**	
Shareholders' equity[1]		**€ bn**	**67.4**	**63.1**	**6.7%**
Solvency II capitalization[3]		**%**	**186%**	**200%**	**-14% -p**
Third-party assets under management		**€ bn**	**1,242**	**1,276**	**-2.6%**

Please note: The figures are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1 Excluding non-controlling interests.

2 Excluding unrealized gains/losses on bonds net of shadow DAC. RoE for 1Q 2016 is annualized. For 2015, the return on equity for the full year is shown. Annualized figures are not a forecast for full year numbers.

3 Risk capital figures are group diversified at 99.5% confidence level. Allianz Life included based on third country equivalence with 150% of RBC CAL since September 30, 2015. Changed regulatory tax treatment of German life sector reduces year-end SII ratio from 200% to 196% on January 1, 2016.

These assessments, are as always, subject to the disclaimer provided below:

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors maybe more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required be disclosed by law.

Other

The quarterly figures regarding the net assets, financial position and results of operations have been prepared in conformity with International Financial Reporting Standards. This Quarterly Earnings Release is not an Interim Financial Report within the meaning of International Accounting Standard (IAS) 34.

This is a translation of the German Quarterly Earnings Release of the Allianz Group. In case of any divergences, the German original is binding.